QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 29, 2026 Volume 20 Issue 142

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The Fed Day edge based on Tuesday's closing range has flattened out a good bit in recent years, and does not suggest a strong edge for Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a moderate upside edge. But Wednesday's Fed meeting could lead to some volatility.

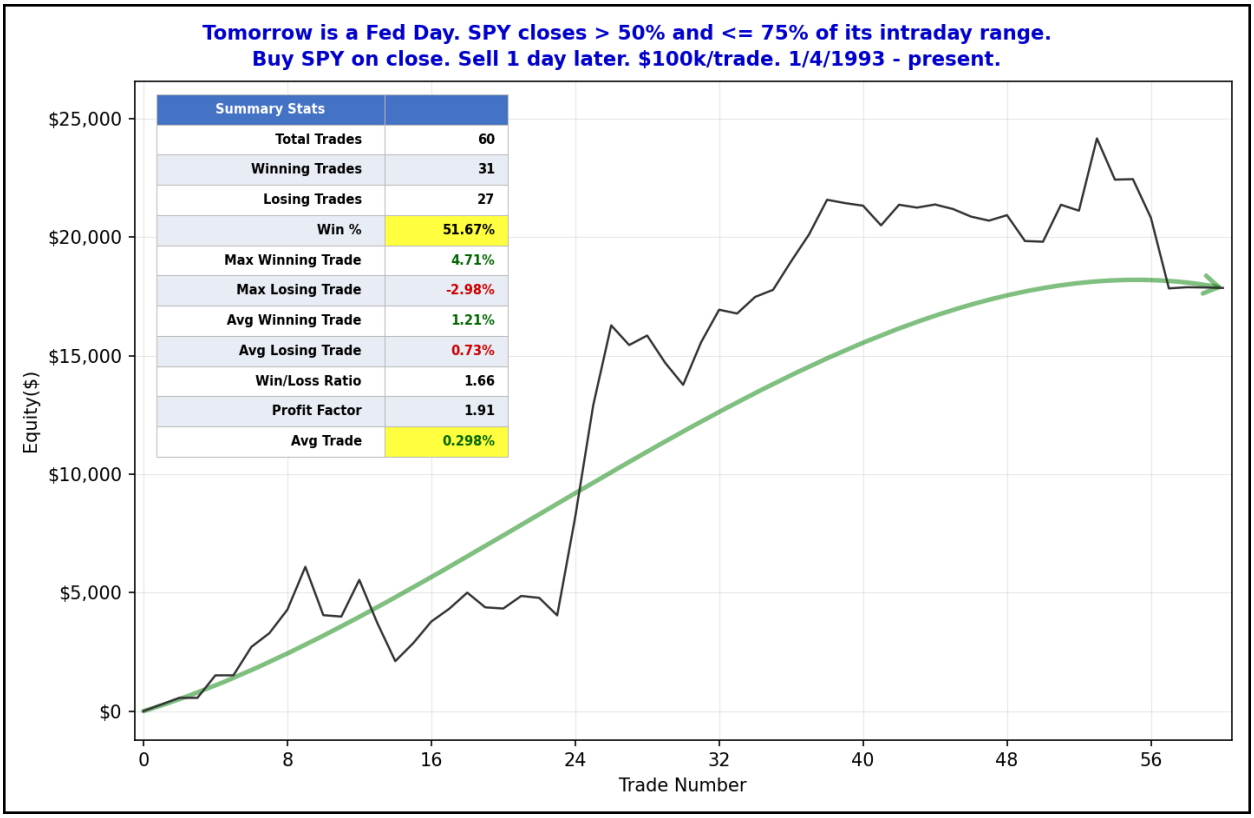
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 28, 2026	SPY up 2 days from 10-day low, below 50ma	1-4 days	Bullish	1.91%	-1.08%	-2.31%
July 24, 2026	SPY gaps below a 5-day low, closes below op	1-5 days	Bullish	1.92%	-1.40%	-3.04%
Active - Long Term						
July 6, 2026	No QE. Rate rise probable. Fed hawkish	int term	Bearish			
June 29, 2026	NASDAQ lagging	int term	weak			
May 27, 2026	NDX > 18% above 200ma	1-90 days	Bullish	13.80%	-9.37%	-18.64%
May 13, 2026	SPX historically strong 6-week rally	1-12 months	Bullish	18.96%	-8.29%	-10.88%
April 27, 2026	Sell in May 2nd yr Pres Cycle & 5% pullback	1-6 months	Bearish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

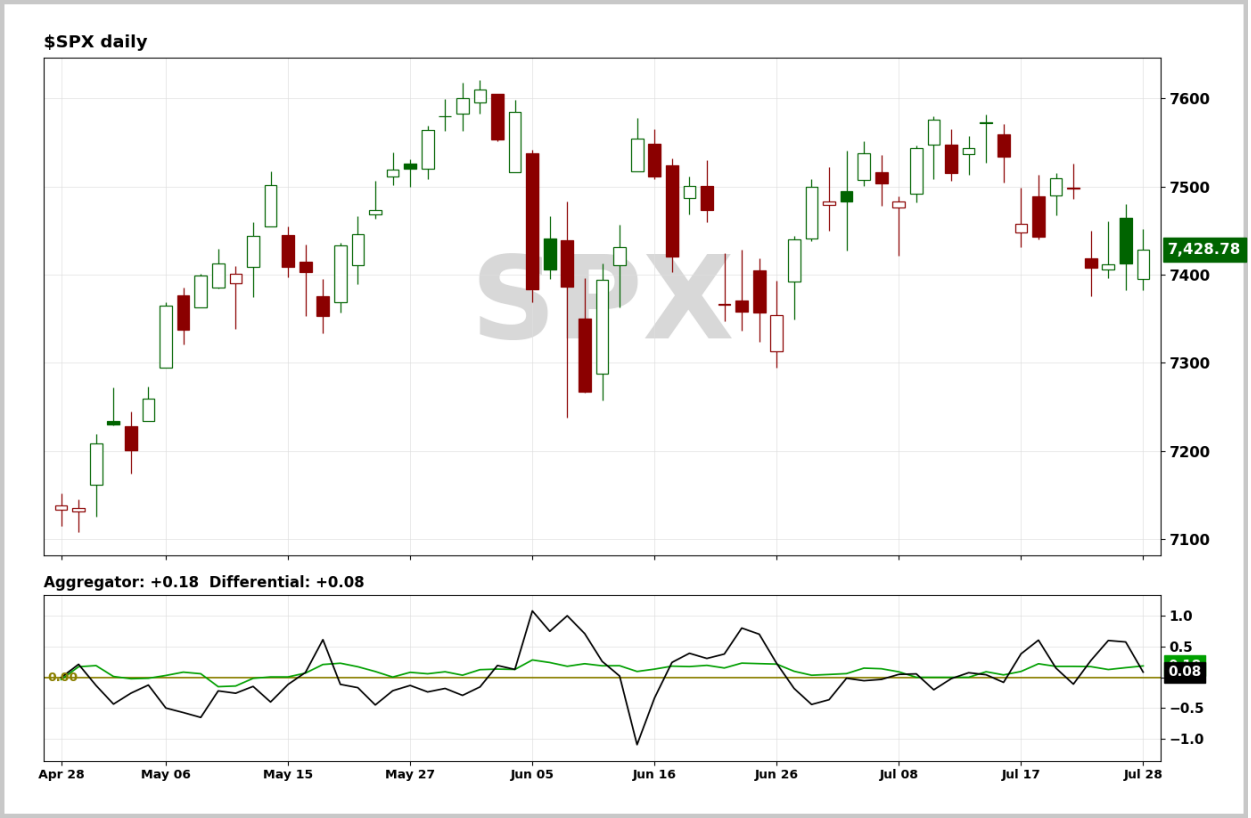
The market was mixed on Tuesday. SPX finished up 0.2%, the NASDAQ lost 0.2%, and the Russell 2000 rose 0.2%. Breadth was positive as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 63% reading. NYSE total volume was slightly higher than Monday's level.

Wednesday is a Fed Day. Fed Days have historically shown an upside tendency. I shared some studies in the weekend letter showing that the size of that edge is heavily influenced by where SPY closes in its daily range the day before. The basic finding was that the worse the close, the better the Fed Day edge. On Tuesday SPY closed at about the 72nd percentile of its intraday range, which puts it in the 2nd quartile from the top. Below is the profit curve for that group.



The full history here shows 60 instances, a 52% win rate, and an average trade of +0.3%. But the edge has flattened out a good bit over the second part of the chart. There does not appear to be a strong edge for Wednesday's Fed Day, and I am not adding this study to the active list. None of the other studies I looked at appeared very compelling either. So there is nothing new being added to the active list tonight.

I have updated the Aggregator chart below.



Without any new studies being added, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is slightly oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7447.25. That is 0.2% above Tuesday's close. Therefore, SPX will need to close up at least 0.2% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But Fed days have the potential for high volatility and we didn't see anything tonight suggesting a strong edge. Studies from the last few days are still pointing a little higher and the market isn't overbought yet. There is a small index position active in the trade ideas section down below. I would like to ride this bounce a little further but if it approaches my target then there doesn't seem to be much sense in holding through the volatility event. So if SPY moves up some before the Fed announcement on Wednesday then I may look to take profits. Otherwise, with the aggregator currently bullish, I'll hold it through the announcement and re-evaluate tomorrow night.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/27 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	7/24/2026	$738.18	$740.86	0.36%	*see below*

I will look to sell my SPY position at a limit price of $743.00 if it is reached prior to 1:55 p.m. Eastern Time. If it doesn't fill before that time, then I will cancel the order and will not sell on Wednesday.

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